

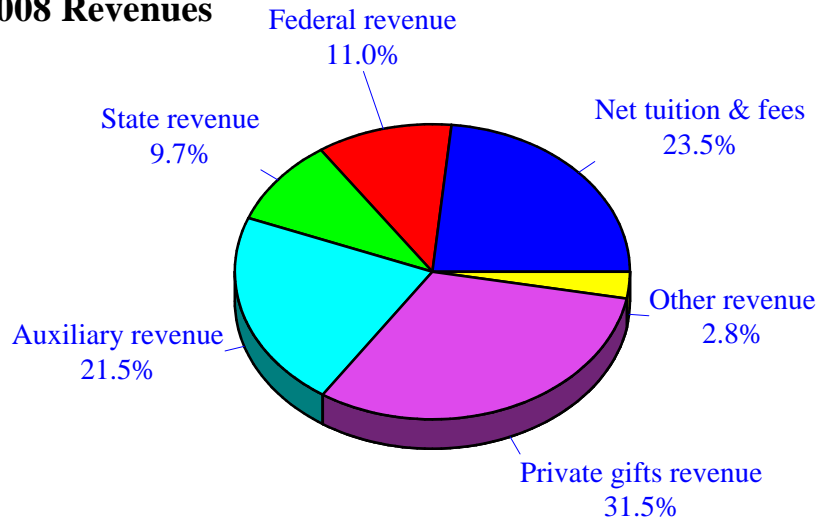
GREAT LAKES CHRISTIAN COLLEGE
REPORT ON FINANCIAL STATEMENTS
(with additional information)
YEARS ENDED JUNE 30, 2008 AND 2007

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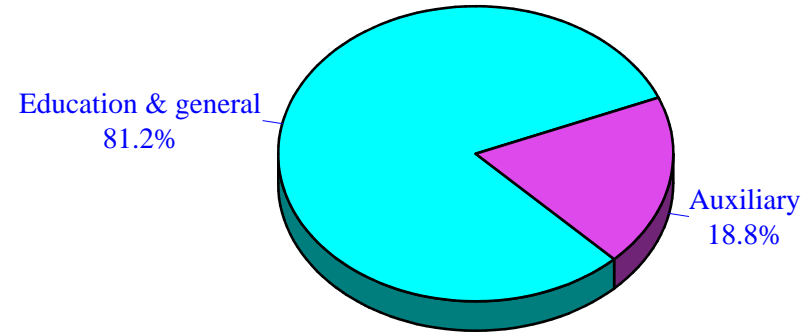
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GREAT LAKES CHRISTIAN COLLEGE YEARS ENDED JUNE 30, 2008 AND 2007

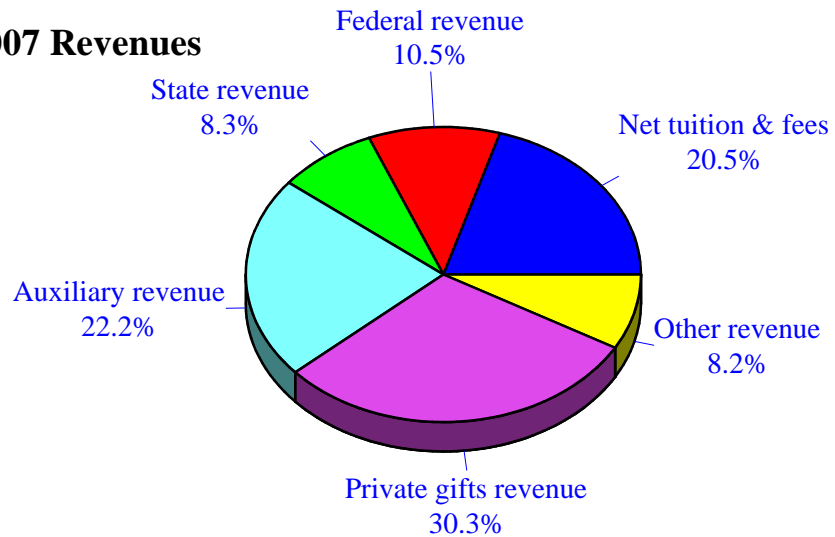
2008 Revenues



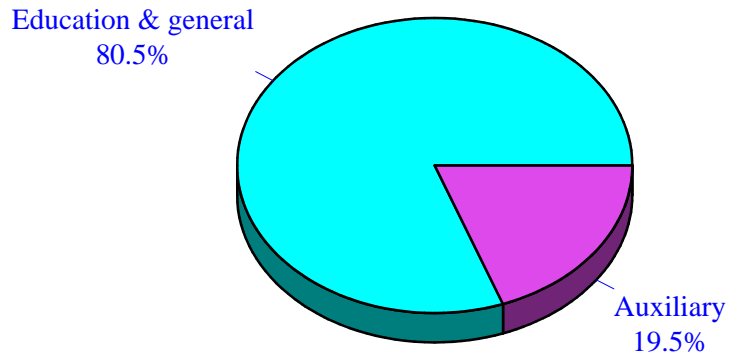
2008 Expenses



2007 Revenues



2007 Expenses





Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis
James A. McNeeley

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Great Lakes Christian College

We have audited the accompanying statements of financial position of Great Lakes Christian College as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Lakes Christian College as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2008 on our consideration of Great Lakes Christian College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

August 18, 2008

Maner, Costerisan & Ellis, P.C.

GREAT LAKES CHRISTIAN COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 43,840	\$ 351,993
Investments	339,561	346,043
Revenue receivable, less allowance of \$15,000 in 2008 and 2007	12,698	7,466
Due from governmental units	5,943	7,628
Inventories	60,438	36,577
TOTAL CURRENT ASSETS	<u>462,480</u>	<u>749,707</u>
OTHER ASSETS:		
Property and equipment, net of depreciation	5,178,263	3,223,659
Cash on deposit	4,825	10,422
Investments - annuities	255,218	178,597
Investments - long-term	439,210	357,387
TOTAL OTHER ASSETS	<u>5,877,516</u>	<u>3,770,065</u>
TOTAL ASSETS	<u><u>\$ 6,339,996</u></u>	<u><u>\$ 4,519,772</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	\$ 150,000	\$ -
Current portion of long-term debt	129,376	42,663
Accounts payable	55,904	12,382
Accrued payroll and related	8,801	6,343
Student deposits	77,664	60,760
TOTAL CURRENT LIABILITIES	<u>421,745</u>	<u>122,148</u>
LONG-TERM DEBT, less current portion	2,459,476	1,050,736
ANNUITY LIABILITY	224,546	130,955
TOTAL LIABILITIES	<u>3,105,767</u>	<u>1,303,839</u>
NET ASSETS:		
Unrestricted:		
Undesignated	2,356,554	1,975,447
Designated	339,561	346,043
Total unrestricted	<u>2,696,115</u>	<u>2,321,490</u>
Temporarily restricted	148,682	600,416
Permanently restricted	389,432	294,027
TOTAL NET ASSETS	<u>3,234,229</u>	<u>3,215,933</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,339,996</u></u>	<u><u>\$ 4,519,772</u></u>

See notes to financial statements.

GREAT LAKES CHRISTIAN COLLEGE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	2008				2007			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:								
Gross tuition and fees	\$ 1,937,161	\$ -	\$ -	\$ 1,937,161	\$ 1,738,051	\$ -	\$ -	\$ 1,738,051
Less: Scholarships	435,131	-	-	435,131	475,618	-	-	475,618
Governmental grants and awards	701,312	-	-	701,312	605,181	-	-	605,181
Net tuition and fees	800,718	-	-	800,718	657,252	-	-	657,252
Federal grants and contracts	372,009	-	-	372,009	338,948	-	-	338,948
State grants and contracts	329,303	-	-	329,303	266,233	-	-	266,233
Private gifts, grants and contracts	640,813	332,584	95,405	1,068,802	608,473	324,576	39,156	972,205
Investment income (loss)	69,079	(110,960)	-	(41,881)	9,157	107,294	-	116,451
Sales and services of auxiliary activities	731,523	-	-	731,523	713,562	-	-	713,562
Other sources	136,863	-	-	136,863	145,199	-	-	145,199
Net assets released from restrictions	673,358	(673,358)	-	-	495,700	(495,700)	-	-
TOTAL REVENUES, GAINS, LOSSES AND OTHER SUPPORT	3,753,666	(451,734)	95,405	3,397,337	3,234,524	(63,830)	39,156	3,209,850
EXPENSES AND TRANSFERS:								
Education and general	2,744,306	-	-	2,744,306	2,481,319	-	-	2,481,319
Auxiliary	634,735	-	-	634,735	601,211	-	-	601,211
TOTAL EXPENSES	3,379,041	-	-	3,379,041	3,082,530	-	-	3,082,530
CHANGE IN NET ASSETS	374,625	(451,734)	95,405	18,296	151,994	(63,830)	39,156	127,320
NET ASSETS, beginning of year	2,321,490	600,416	294,027	3,215,933	2,169,496	664,246	254,871	3,088,613
NET ASSETS, end of year	\$ 2,696,115	\$ 148,682	\$ 389,432	\$ 3,234,229	\$ 2,321,490	\$ 600,416	\$ 294,027	\$ 3,215,933

See notes to financial statements.

GREAT LAKES CHRISTIAN COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities:		
Change in net assets	\$ 18,296	\$ 127,320
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	241,642	229,974
Revenue receivable	(5,232)	1,686
Inventories and prepaid expenses	(23,861)	(1,828)
Due from governmental units	1,685	45,187
Accounts payable	43,522	(99,267)
Accrued payroll and related	2,458	223
Student deposits	16,904	18,806
Annuity liability	187,182	1,543
Unrealized (gain) loss on investments	107,152	(92,958)
Total adjustments	<u>571,452</u>	<u>103,366</u>
Net cash provided by operating activities	<u>589,748</u>	<u>230,686</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,196,246)	(250,844)
Purchase of investments	(135,271)	(87,085)
Proceeds from sale of investments	<u>(85,223)</u>	<u>91,680</u>
Net cash used by investing activities	<u>(2,416,740)</u>	<u>(246,249)</u>
Cash flows from financing activities:		
Change in line of credit	150,000	-
Proceeds from issuance of long-term and short-term debt	2,601,520	2,100,000
Payments on long-term debt	(1,106,067)	(1,877,389)
Annuity contributions received	(46,710)	(9,190)
Permanently restricted endowment contributions	(33,023)	(70,200)
Annuity liability receipts	<u>(46,881)</u>	<u>8,001</u>
Net cash provided by financing activities	<u>1,518,839</u>	<u>151,222</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(308,153)	135,659
CASH AND CASH EQUIVALENTS, beginning of year	<u>351,993</u>	<u>216,334</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 43,840</u>	<u>\$ 351,993</u>
CASH PAID FOR INTEREST	<u>\$ 72,574</u>	<u>\$ 77,426</u>

See notes to financial statements.

**GREAT LAKES CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

- A. Basis of accounting - The College utilizes the accrual method of accounting, which recognizes income when earned and expenses when incurred. Donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Monies classified as unrestricted include all funds over which the College has discretionary control and net assets released from restrictions. The temporarily restricted classification is comprised of amounts arising from federal and state grants as well as private gifts for scholarships and other needs of the College. Permanently restricted net assets consist of assets to be held indefinitely for scholarship purposes and the related investment income is recorded in the temporarily restricted fund.

- B. Cash and Cash Equivalents

Cash and cash equivalents consist of cash accounts and money market funds. Cash amounts on deposit in investment funds are not considered cash equivalents.

- C. Investments

Investments in equity securities with readily determinable fair values are reported at fair value with realized and unrealized gains and losses included in the statement of activities.

- D. Revenue Receivable

Revenue receivable arises primarily from student tuition payments. Revenue receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to revenue receivable. Changes in the valuation allowance have not been material to the financial statements. Students come from various geographical areas.

- E. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of bookstore and cafeteria supplies held for consumption and resale.

- F. Property, Equipment and Depreciation

Property and equipment is stated at cost or market value at date of gift. Depreciation is computed over the estimated useful life of the assets on the straight-line method.

GREAT LAKES CHRISTIAN COLLEGE NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Concluded)

G. Capital Outlay and Maintenance Projects

Capital outlay projects meeting the following criteria are recorded as capital additions of the unrestricted fund:

1. New buildings and additions to buildings;
2. Renovation, remodeling or modernization projects resulting in a basic change in the use or occupancy of existing facilities and replacement of major equipment items, including vehicles;
3. Acquisition of an existing facility;
4. Land acquisition and site projects exceeding \$10,000; and
5. Individual amounts exceeding \$1,000.

H. The costs of providing various programs and other activities have been summarized on a functional basis in the Schedule of Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits.

NOTE 2 - NATURE OF THE ORGANIZATION, RISKS AND UNCERTAINTIES

Great Lakes Bible College, a Michigan nonprofit corporation, operates under its assumed name, Great Lakes Christian College. Great Lakes Christian College was founded September 21, 1949 and incorporated March 2, 1972. The College has been located at its current location since 1972 and is an independent post-secondary college producing servant-leaders for the Kingdom of God. The College's affairs are managed by its Board of Trustees, which determine policies and officers.

The College is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the College to concentrations of credit risk consist principally of cash and revenue receivable. The College's cash is deposited with high-credit-quality financial institutions. Although such cash balances exceeded the federally insured limits at certain times during the year and at year-end they are, in the opinion of management, subject to minimal risk. Credit risk with respect to revenue receivable is limited because the majority of revenue receivable is due from governmental units.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**GREAT LAKES CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - TAX STATUS

The College is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except for tax on "unrelated business income," as defined. No provision for income taxes is required.

NOTE 4 - INVESTMENTS

The fair value of investments is estimated based on quoted market prices for those of similar investments.

Investments at June 30 consist of the following:

	2008			2007		
	Cost	Fair value	Unrealized gain	Cost	Fair value	Unrealized gain
Primarily equity mutual funds	\$ 944,957	\$ 1,033,989	\$ 89,032	\$ 685,843	\$ 882,027	\$ 196,184

Investment income (loss) consists of the following:

	2008			2007		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Interest and dividends	\$ 24,420	\$ 40,851	\$ 65,271	\$ 1,155	\$ 22,338	\$ 23,493
Unrealized gain (loss)	44,659	(151,811)	(107,152)	8,002	84,956	92,958
	<u>\$ 69,079</u>	<u>\$ (110,960)</u>	<u>\$ (41,881)</u>	<u>\$ 9,157</u>	<u>\$ 107,294</u>	<u>\$ 116,451</u>

NOTE 5 - RETIREMENT PROGRAM

The College has a defined contribution 401(k) retirement plan that covers substantially all full time employees who meet certain requirements for age and length of employment. The College may elect to make discretionary contributions in addition to the contributions made by the employees themselves. The College contributed \$48,119 and \$51,422 in 2008 and 2007, respectively.

**GREAT LAKES CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at June 30 consist of the following:

	2008	2007
	<u>2008</u>	<u>2007</u>
Work in process	\$ 224,930	\$ 86,750
Land and improvements	609,959	595,464
Buildings and improvements	5,605,406	3,684,800
Furniture and equipment	1,260,587	1,201,668
Automobiles	78,173	78,171
Library books	<u>696,146</u>	<u>632,102</u>
	8,475,201	6,278,955
Less accumulated depreciation	<u>3,296,938</u>	<u>3,055,296</u>
	<u>\$ 5,178,263</u>	<u>\$ 3,223,659</u>
Depreciation	<u>\$ 241,642</u>	<u>\$ 229,974</u>

NOTE 7 - LINE OF CREDIT

The College obtained a bank line of credit for \$250,000 with interest at prime less .75% (4.25%). The line is unsecured. At June 30, 2008 and 2007 the outstanding balance was \$150,000 and \$0, respectively.

**GREAT LAKES CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of the following obligations:

	<u>2008</u>	<u>2007</u>
Mortgage loan - bank, refinanced April 30, 2008, original amount \$1,101,520, payable \$8,464 per month including interest at prime less .75% (4.25% at June 30, 2008 and 7.50% at June 30, 2007), collateralized by property and equipment of the College. Final maturity May 2012.	\$ 1,088,852	\$ 1,093,399
Mortgage loan - bank, dated August 29, 2007, original amount \$1,500,000, payable \$11,332 per month including interest at prime less .75% (4.25% at June 30, 2008), collateralized by property and equipment of the College. Final maturity June 2013.	<u>1,500,000</u>	<u>-</u>
	2,588,852	1,093,399
Less current portion	<u>(129,376)</u>	<u>(42,663)</u>
	<u><u>\$ 2,459,476</u></u>	<u><u>\$ 1,050,736</u></u>

Debt matures as follows:

<u>Year ending June 30,</u>	
2009	\$ 129,376
2010	134,765
2011	140,655
2012	994,726
2013	<u>1,189,330</u>
	<u><u>\$ 2,588,852</u></u>

Interest expense for the years ended June 30, 2008 and 2007 was \$72,574 and \$77,426, respectively.

GREAT LAKES CHRISTIAN COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - CHARITABLE GIFT ANNUITIES

The College has entered into several Charitable Gift Annuity Agreements whereby the donor contributes assets for distributions for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the College's use. Assets received are recorded at fair value on the date the agreement is recognized, and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the College revalues the liability based on applicable mortality tables and discount rates, which vary from 5.6% to 8.8%.

Management believes the current portion of their liabilities is immaterial and has chosen to present the entire amount as long-term.

	2008	2007
June 30	\$ 224,546	\$ 130,955

NOTE 10 - LEASES

The College leases copiers. Lease payments amounted to \$7,877 and \$16,242 for the years ended June 30, 2008 and 2007, respectively.

Future minimum lease payments required under such leases are as follows:

Year ending June 30,	
2009	\$ 5,700
2010	5,700
2011	2,850
	<u>\$ 14,250</u>

NOTE 11 - CONTINGENCIES

The College participates in various student financial aid programs, which are subject to audit by grantor agencies. Any disallowed claims, including amounts already used may constitute a liability to the College. In the opinion of management, the liability, if any, would be immaterial.

**GREAT LAKES CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - COMMITMENT

There is approximately \$225,000 in work in process at June 30, 2008.

NOTE 13 - RESTRICTED NET ASSETS

The College reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donations to be held indefinitely are reported as permanently restricted. The income from these assets is reported in the temporarily restricted fund. When the scholarships are paid, the income is released to the unrestricted fund.

NOTE 14 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purposes restrictions accomplished:

	<u>2008</u>	<u>2007</u>
Scholarships	\$ 46,664	\$ 27,850
General administration and student services	121,092	364,479
Equipment acquired and placed in service	<u>505,602</u>	<u>103,371</u>
	<u>\$ 673,358</u>	<u>\$ 495,700</u>

**GREAT LAKES CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - NET ASSETS RELEASED FROM RESTRICTIONS (Concluded)

Net assets at the end of the year at June 30 consist of the following:

	<u>2008</u>	<u>2007</u>
Temporarily restricted:		
Donor specified gifts available	\$ 29,516	\$ 521,624
Endowment income available for scholarships	<u>119,166</u>	<u>78,792</u>
	<u>\$ 148,682</u>	<u>\$ 600,416</u>
Permanently restricted:		
Original endowment contributions	<u>\$ 389,432</u>	<u>\$ 294,027</u>

NOTE 15 - FUNCTIONAL EXPENSES

Included in education and general expenses are management and general expenses of approximately \$1,100,000 and \$900,000 for 2008 and 2007, respectively, which includes fundraising expenses of approximately \$228,000 and \$210,000 for 2008 and 2007, respectively.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Our report on our audits of the basic financial statements of Great Lakes Christian College for the year ended June 30, 2008 and 2007 appears on page 1. These audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages iii, and 14 through 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mayer, Costeniser & Ellis, P.C.

August 18, 2008

GREAT LAKES CHRISTIAN COLLEGE
SCHEDULES OF EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Education and general:		
Instruction and academic support:		
Instruction	\$ 693,390	\$ 657,142
IBFD	47,008	28,264
Music	3,292	2,694
Christian service	4,306	4,150
Chapel	25	190
Academic administration	143,073	117,976
Registrar	49,660	47,676
Choir	9,785	10,207
Ensembles	1,898	1,959
Madrigals	19,748	21,754
Library	89,975	90,410
Dean of students	79,578	75,267
Retention and remediation	10,129	7,496
Depreciation	45,185	44,505
Total instruction and academic support	<u>1,197,052</u>	<u>1,109,690</u>
Support services:		
Convocation	300	-
Orientation	6,322	5,617
Honors chapel	243	155
Promise	10,211	11,261
Misseo Dei	-	926
Commencement	540	1,509
Athletics	74,549	56,440
Student activities	55,017	51,951
Total support services	<u>147,182</u>	<u>127,859</u>
General and administrative:		
Executive and business offices	<u>558,312</u>	<u>441,158</u>
Financial aid	<u>73,476</u>	<u>64,197</u>

GREAT LAKES CHRISTIAN COLLEGE
SCHEDULES OF EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Education and general (Concluded):		
General and administrative: (Concluded):		
Institutional advancement:		
Fund raising:		
Public relations	\$ 176,176	\$ 146,849
Alumni relations	7,011	34,595
Donor banquets	1	5
Phoneathon	8	20
Estate planning	33,427	15,097
Golf outing	6,882	6,681
NACC	1,788	4,265
NMC	1,905	1,673
MCC	1,052	1,248
	<u>228,250</u>	<u>210,433</u>
Total fund raising	228,250	210,433
Admissions	<u>209,000</u>	<u>189,447</u>
Total institutional advancement	<u>437,250</u>	<u>399,880</u>
Total general and administrative	<u>1,069,038</u>	<u>905,235</u>
General institutional:		
Internet service	26,412	24,718
Retirement administration	2,402	6,450
Telephone/internet	1,783	3,651
Insurance	23,716	29,349
General maintenance	137,513	133,673
Interest expense	72,574	77,426
Depreciation	66,634	63,268
	<u>331,034</u>	<u>338,535</u>
Total general institutional	331,034	338,535
Total education and general	<u>2,744,306</u>	<u>2,481,319</u>

**GREAT LAKES CHRISTIAN COLLEGE
SCHEDULES OF EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Auxiliary:		
Bookstore	\$ 68,716	\$ 84,827
Cafeteria	281,104	256,975
Administrative building	76,263	60,304
Men's residence	20,991	21,085
Women's residence	29,244	27,845
Family housing	25,496	25,614
Depreciation	129,823	122,201
Campus beautification	<u>3,098</u>	<u>2,360</u>
Total auxiliary	<u>634,735</u>	<u>601,211</u>
TOTAL EXPENSES	<u><u>\$ 3,379,041</u></u>	<u><u>\$ 3,082,530</u></u>

GREAT LAKES CHRISTIAN COLLEGE
ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2008

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To Board of Trustees
Great Lakes Christian College

We have audited the basic financial statements Great Lakes Christian College as of and for the year ended June 30, 2008, and have issued our report thereon dated August 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Great Lakes Christian College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Great Lakes Christian College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Great Lakes Christian College in a separate letter dated August 18, 2008.

This report is intended solely for the information and use of the board of trustees, management, and the federal awarding agency and is not intended to be and should not be used by anyone other than these specified parties.

Mayer, Costeniser & Ellis, P.C.

August 18, 2008



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Trustees
Great Lakes Christian College

Compliance

We have audited the compliance of Great Lakes Christian College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. Great Lakes Christian College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Great Lakes Christian College's management. Our responsibility is to express an opinion on Great Lakes Christian College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Great Lakes Christian College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Great Lakes Christian College's compliance with those requirements.

In our opinion, Great Lakes Christian College complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Great Lakes Christian College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Great Lakes Christian College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Great Lakes Christian College's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Great Lakes Christian College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Great Lakes Christian College as of and for the year ended June 30, 2008, and have issued our report thereon dated August 18, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Great Lakes Christian College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of board of trustees, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mayer, Costeniser & Ellis, P.C.

August 18, 2008

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through grantor's number</u>	<u>Current year expenditures</u>
U.S. Department of Education:			
Federal Pell Grant Program	84.063	N/A	\$ 316,523
Academic Competitiveness Grant	84.375	N/A	6,525
Federal Supplemental Education Opportunity Grant	84.007	N/A	21,522
Federal Work-study Program	84.033	N/A	<u>27,439</u>
 TOTAL FEDERAL EXPENDITURES			 <u><u>\$ 372,009</u></u>

See Note 3 on page 7 regarding Federal Family Education Loans Program.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

NOTES:

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of Great Lakes Christian College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements.
2. The Student Financial Aid Cluster, CFDA #84.063, #84.375, #84.007, #84.033 and #84.032, was audited as the major program.
3. The College administers the Federal Family Education Loans (FFEL) program (CFDA # 84.032). During fiscal year 2007-2008 students received \$1,033,321 of new FFEL loans. These funds were received directly by the students of the College and any interest or other costs related to these loans were received directly by the lender not Great Lakes Christian College. Accordingly, these costs have not been included on the Schedule of Expenditures of Federal Awards.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

➤ Material weakness(es) identified: _____ Yes X No

➤ Significant deficiency(ies) identified that are not
considered to be material weakness(es)? _____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

➤ Material weakness(es) identified: _____ Yes X No

➤ Significant deficiency(ies) identified that are not
considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported with Section 510(a) of OMB Circular A-133?

_____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program
84.063, 84.375, 84.007, 84.033, 84.032	Student Financial Aid Cluster

Dollar threshold used to distinguish

between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X Yes _____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008**

There were no prior audit findings for the year ended June 30, 2007.



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August 18, 2008

To the Board of Trustees
Great Lakes Christian College

In planning and performing our audit of the financial statements of Great Lakes Christian College as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated August 18, 2008 on the financial statements of Great Lakes Christian College. Our comments are summarized as follows.

Prior Year Comments**Computer passwords**

Status: The College has not implemented a policy regarding changing passwords. We recommend that a policy be implemented which requires passwords to be changed three or four times a year to improve controls in this area.

Current Year Comments**Credit card process**

We noted during the course of our audit that not all credit card charges were supported by receipts. We recommend increased documentation of credit card charges and enforcing a policy of requiring support for all credit card charges made.

We will review the status of these comments during our next engagement. We have already discussed many of these comments and suggestions with College personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of Great Lakes Christian College, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Mamie Costeniser & Ellis, P.C.

August 18, 2008



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August 18, 2008

To the Board of Trustees
Great Lakes Christian College

We have audited the financial statements of Great Lakes Christian College for the year ended June 30, 2008, and have issued our report thereon dated August 18, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Great Lakes Christian College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirement that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Great Lakes Christian College's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Great Lakes Christian College's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Great Lakes Christian College's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Great Lakes Christian College's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 11, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Great Lakes Christian College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the functional allocation of expenses is based on management's estimated use of resources. We evaluated the key factors and assumptions used to develop the functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 18, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the authority, Board of Trustees and management of Great Lakes Christian College and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Mamer, Costeniser & Ellis, P.C." The signature is written in a cursive, flowing style.

August 18, 2008